

**FILED**

**MAY 23 2012**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

MARK L. SHURTLEFF (4666)  
UTAH ATTORNEY GENERAL  
Steven F. Alder (0033)  
Cameron Johnson (13996)  
Assistant Attorneys General  
Attorneys for Division of Oil, Gas & Mining  
1594 West North Temple, #300  
SALT LAKE CITY UT 84116  
Telephone (801) 538-7227

---

**BEFORE THE BOARD OF OIL, GAS & MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

---

---

NOTICE OF AGENCY ACTION FOR AN ORDER REQUIRING MARION ENERGY TO PLUG AND RECLAIM WELLS; OR FORFEIT SURETY BOND AND AUTHORIZE THE DIVISION TO PLUG AND RECLAIM WELLS LOCATED IN TOWNSHIPS 13 AND 14 SOUTH, RANGE 7 EAST, CARBON COUNTY, UTAH; AND AN ORDER REQUIRING MARION ENERGY TO IMMEDIATELY COMPLY WITH THE NOTICE OF VIOLATION FOR THE WELLS LOCATED IN TOWNSHIPS 12, 13, AND 14 SOUTH, RANGES 7 AND 10 EAST, CARBON COUNTY, UTAH.

---

**STIPULATION**

**TO JUDGMENT**

Docket No. 2011-018

Cause No. 250-02

---

The Utah Division of Oil, Gas, and Mining (Division), and Marion Energy, (Marion) by and through undersigned counsel, hereby stipulate and agree as follows:

1. The parties by this Stipulation intend to settle all unresolved claims in the Notice of Agency Action filed on September 12, 2011 (NOAA) including compliance with the terms of conditions of the Agreement for Resolution of Amended Notice of Agency Action (Agreement), and

the First Addendum to Agreement For Resolution of Amended Notice of Agency Action (First Addendum). This Stipulation is intended to supercede the prior Agreement and First Addendum.

2. Marion is granted until July 12, 2012 to complete all of the well plugging, reclamation work and other operations (Work) as set forth in the First Addendum (Paragraph 4(b)-(d)) to the satisfaction of the Division. Specifically, the Division expects the following Work to be completed and finalized on or by July 12, 2012:

- a. Plugging and Abandonment as required of the Utah Fuel #10;
- b. MIT testing and plugging or production of the Utah Fuels # 1 and #3; and
- c. Plugging or bringing into production Utah Fuels #2, #8, Utah Mineral State #1, and the Oman 2-20.

The obligation to complete the all of the Work listed in Paragraph 2(a)-(c) (above) will not be excused due to the lack of an operational water line, and notwithstanding the status of the waterline the Division will be entitled to entry of judgment if the items listed in paragraphs 4b-d are not fully completed by July 12, 2012. The Division shall inspect the Work and Marion's operations approximately one week prior to July 12<sup>th</sup> deadline and shall advise Marion of any deficiencies in required work.

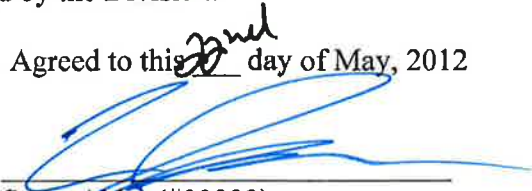
3. In the event Marion completes the Work to the Division's satisfaction on or before July 12, 2012, this matter shall be dismissed with prejudice and Marion shall resume operations in accordance with the requirements of its permits and the Act including compliance with the audit requests submitted to Marion.


4. If the Division, upon inspection after July 12, 2012 determines that the Work has not been completed as required, the Division may immediately give notice of this determination to Marion and the Board, and the Board shall immediately without further hearing or notice execute and enter the Findings of Fact, Conclusions of Law, and Order (Judgment) (in the form attached as Exhibit A).

5. The Judgment to be entered provides that upon failure of U.S. Specialty Insurance Co. or Marion to complete plugging and reclamation of the wells as detailed in the NOAA and Judgment within 30 days; that the bond in the amount of \$184,180.00 provided as surety by U.S. Specialty Insurance Co. shall forfeit to the Division, and the Division shall be authorized to commence the plugging and reclamation work. Marion waives any objection to the findings of fact and conclusions of law as set forth therein and stipulates that the facts as alleged therein are true and accurate.

6. Notwithstanding the foregoing terms and conditions, during the term of this Stipulation Marion shall continue to comply with all of the requirements of the Oil and Gas Conservation Act and regulations including maintenance of a field presence and compliance with good practices as required by the Division.

Agreed to this 22nd day of May, 2012

  
Steve Alder (#00033)  
Cameron Johnson (#13996)  
Assistant Utah Attorney General  
Counsel for Utah Division of Oil, Gas  
and Mining

  
Michael Malmquist (#5310)  
Shane D. Hillman (#8194)  
Parsons, Behle and Latimer  
Counsel for Marion Energy

CERTIFICATE OF DELIVERY

The Undersigned hereby certifies that a true and correct copy of the foregoing STIPULATION TO JUDGMENT was delivered by electronic mail to the following persons at the addresses indicated this 27<sup>th</sup> day of May, 2012

Mike Johnson  
Counsel for the Board of Oil, Gas and Mining  
mikejohnson@utah.gov

Michael Malmquist  
Parsons Behle & Latimer  
Counsel for Marion Energy, Limited.  
201 South Main Street, Suite 1800  
Salt Lake City, Utah 84111  
mmalmquist@parsonbehle.com

Delivered by U.S. Mail to:

U.S. Specialty Insurance Company  
13403 Northwest Freeway  
Houston, Texas 77040

A handwritten signature in cursive script, reading "Julie Ann Carter", is written over a horizontal line.